

Message Text

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ACTION EUR-25

INFO OCT-01 NEA-14 ISO-00 FEA-02 CIAE-00 DODE-00 PM-07

H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 SAM-01 SAJ-01 EB-11 COME-00 INT-08

OMB-01 CIEP-02 TRSE-00 CEA-02 DRC-01 XMB-07 AGR-20

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FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 9311

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

USMISSION NATO

AMEMBASSY CAIRO

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEL AVIV

AMEMBASSY THE HAGUE

C O N F I D E N T I A L COPENHAGEN 1954

E.O. 11652: GDS

TAGS: PFOR, ENRG, DA, EC

SUBJECT: DANISH-EGYPTIAN AGREEMENTS

REF: COPENHAGEN 1953

SUMMARY: DURING FONMIN GULDBERG'S VISIT TO EGYPT JULY 11-13,
HE SIGNED AGREEMENTS ON COOPERATION AND ON DEVELOPMENT AID
WITH EGYPTIAN FONMIN FAHMY. HANS BIERING OF MFA'S ECONOMIC
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DEPARTMENT, WHO ACCOMPANIED FONMIN, BRIEFED EMBOFF JULY 16

ON THESE AGREEMENTS. END SUMMARY.

THE COOPERATION AGREEMENT

THIS AGREEMENT IS PRECISELY THE SAME AS THAT DENMARK HAS WITH ALL OF THE WARSAW PACT NATIONS PLUS YUGOSLAVIA - WORD FOR WORD. A MODEL WAS TAKEN ALONG BY ULRIKSEN, OFFICE CHIEF IN DANIDA, WHEN HE VISITED EGYPT IN EARLY APRIL TO NEGOTIATE THE DANISH DEVELOPMENT LOAN CONTRACT. WHEN HE SUGGESTED EGYPT MIGHT BE INTERESTED IN SOMETHING ALONG THAT LINE, HIS HOSTS INDICATED IMMEDIATE INTEREST. THIS, CONSEQUENTLY, IS THE FIRST SUCH COOPERATION AGREEMENT DENMARK HAS SIGNED WITH A NON-"SOCIALIST-CAMP STATE." DENMARK, HOWEVER, EXPECTS TO SIGN A SIMILAR AGREEMENT WITH SAUDI ARABIA DURING FM'S SAQQAF'S VISIT TO DENMARK IN MID-AUGUST.

2. THE TERMS CALL FOR THE ESTABLISHMENT OF A JOINT COOPERATION COMMISSION TO MEET ANNUALLY. THERE IS NO TIME FRAME INDICATED; EITHER PARTY CAN RESCIND THE AGREEMENT WITH SIX-MONTHS NOTICE. IN VERY GENERAL TERMS IT MENTIONS AGRICULTURE, INDUSTRY, AND EXCHANGE OF SCIENTIFIC MATERIAL AS AREAS FOR FUTURE COOPERATION. THE DANES WERE ESPECIALLY CAREFUL TO AVOID INFRINGEMENT OF ARTICLE 113 OF THE ROME TREATY WHICH PROHIBITS BILATERAL COMMERCIAL TREATIES, BIERING STATED. (COMMENT: HIS MAKING THE POINT INDICATES THERE MAY BE SOME SENSITIVITY ON THAT ISSUE.)

3. THERE WAS, HE DECLARED, NO ADVANCE COORDINATION WITH THE EC OF THE PLAN TO SIGN THIS COOPERATION AGREEMENT. THE DANISH REPRESENTATIVE MERELY ANNOUNCED THE INTENTION TO DO SO AND THE FACT THAT DENMARK WOULD INFORM THE COUNCIL SUBSEQUENTLY. BIERING IMPLIED THAT THE TEXT OF THE AGREEMENT HAD NOT YET BEEN TRANSMITTED TO THE EC AUTHORITIES. (COMMENT: AT ANY RATE, IT APPEARS CLEAR THAT THE DANISH MOVE WAS NOT, FROM THE EC SIDE, TO BE REGARDED AS A PRECURSOR OF A SUBSEQUENT EC-ARAB LEAGUE COOPERATION AGREEMENTS.)

4. THE DEVELOPMENT LOAN
THE TERMS OF THE DEVELOPMENT LOAN WERE, BIERING CONFIRMED,
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THE STANDARD ONES FOR DANIDA LOANS (SEE OUR TELEGRAM 1869). THIS WAS THE LARGEST LOAN DENMARK HAS YET GRANTED; ONE CANNOT IGNORE PRICE DEVELOPMENTS IN RECENT YEARS, BIERING SAID WITH A SLIGHT SMILE. HE ADDED THAT THE EGYPTIANS HAD BEEN SOMEWHAT SARCASTIC ABOUT "THE RECENT INTEREST SHOWN BY EUROPEAN COUNTRIES IN THE ARAB WORLD," TO WHICH THE DANES WERE HAPPY TO BE IN POSITION TO POINT OUT THAT THIS WAS THE THIRD DEVELOPMENT LOAN IN A SERIES THEY HAD

EXTENDED TO EGYPT; THE FIRST DATES BACK TO 1969. THE LOAN IS APPLICABLE TO DANISH EQUIPMENT AND SERVICES IN THE AGRICULTURAL, MACHINERY, FOOD PROCESSING, COMMUNICATIONS AND TRANSPORT EQUIPMENT AREAS BUT, IN ADDITION, HAS AN OPEN CLAUSE REFERRING TO OTHER AREAS THAT MIGHT BE AGREED UPON.

5. OIL

BIERING STATED (AS DID THORNING-PETERSEN - SEE SEPTTEL) THAT THERE HAD BEEN NO MENTION OF OIL THROUGHOUT THE NEGOTIATIONS. THE DANES WERE OPPOSED TO ARRANGEMENTS OF THE KIND BY WHICH SOME EUROPEAN COUNTRIES HAD SOUGHT TO ASSURE THEMSELVES OF OIL SUPPLIES. THESE, HE THOUGHT, WOULD BE FORGOTTEN IN A CRISIS AND WOULD INTERFERE WITH THE RESTORATION OF AN OPEN MARKET - A NECESSARY CONDITION FOR AN EVENTUAL REDUCTION IN OIL PRICES. WHEN EMBOFF MENTIONED THE PRESS REPORTS OF MAHMOUD RIAD'S STATEMENT REGARDING THE OBLIGATIONS THE ARAB STATES WOULD FEEL TO SUPPLY WESTERN EUROPEAN INDUSTRIALIZED COUNTRIES WITH OIL IF THEIR NEGOTIATIONS SHOULD SUCCEED, BIERING SAID HE HAD NOT PARTICIPATED IN OFE TALK WITH RIAD AND INTERPRETED THAT STATEMENT AS AN INDICATION MERELY THAT THE ARAB LEAGUE WAS PREPARED TO TALK ABOUT THE PROVISION OF OIL IN THE UP-COMING TALKS WITH THE EC.

6. A COPY OF THE LOAN AGREEMENT IS BEING FORWARDED BY AIRGRAM.
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